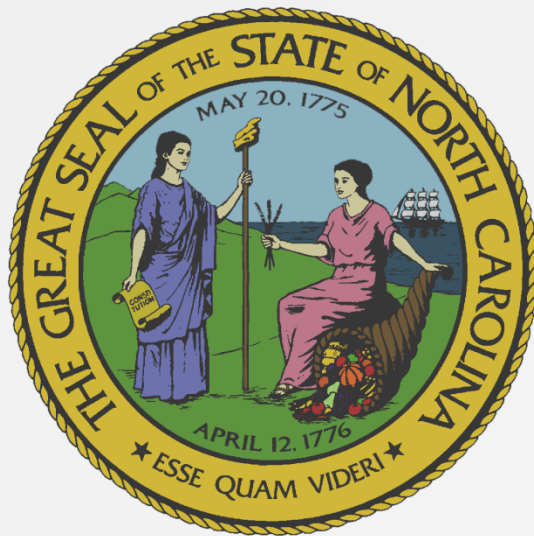




Office of State Budget and Management  
*Balancing Needs - Improving Government*



# Department of Health and Human Services Mental Health Liabilities

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## Mental Health Liabilities

1. Overview of Mental Health Budget
2. Year End Liabilities
3. Contributing Factors
4. Measures to Address



# Overview of MH Budget

## Mental Health Budget 2014-15 Certified Budget (Budget Code 14460)

	Total Requirements	Receipts	General Fund Appropriation
Administration	\$85.7M	\$35.8M	\$49.8M
Community Services	409.6M	71.1M	338.4M
State Operated Facilities	<u>724.5M</u>	<u>432.8M</u>	<u>291.6M</u>
<b>Total Budget</b>	<b>\$1.21B</b>	<b>\$539.9M</b>	<b>\$680.0M</b>

*Note: Source is the BD 307 Certified Budget adjusted for DSH funds are omitted*



# Overview of MH Budget

**Appropriation made to the Division of Mental Health/Developmental Disabilities/Substance Abuse Services provides funding for all services of the agency**

Service oversight and budget management provided through the divisions of State Operated Facilities and Community Services

Cash management occurs at the budget code level with department level oversight

**Since State Fiscal Year 2008-09, total annual obligations for division services have exceeded total cash from all sources, leaving unpaid invoices at year end**

These “year end liabilities” are obligations beyond the normal timing of payments

- Paid in July from new year appropriations and cash
- Rolling liabilities from year to year



# Year End Liabilities

## History of Mental Health Liabilities

<u>Fiscal Year End</u>	<u>Fiscal Year Ending Liabilities</u>
2008-09	\$16.0M
2009-10	\$17.6M
2010-11	\$37.8M
2011-12	\$35.6M
2012-13	\$38.0M*
2013-14	\$14.9M*

\* OSBM approved carry forward of unexpended DHHS cash to reduce mental health liabilities -- \$22M in 2012-13 and \$1.5M in 2013-14



# Contributing Factors

Factors contributing to the gap between spending and revenues within a state fiscal year, resulting in liabilities rolling forward to the following year

Delayed transition of patients and staff from Dix Hospital and John Umstead Hospital to Central Regional Hospital

Expenditures

-- patient acuity, increasing food, medical, other costs

Variations in receipts to support facility operations

-- mix of patients, recovering costs from third parties



# Measures to Address

## Addressing Mental Health Liabilities

- Maintain services to clients and manage within existing resources
- Identify resources to address current year liabilities (\$14.9M less \$1.5M carry forward)
  - *DHHS one time resources, appropriations*
- Support strategies to address structural budget issues, current year and long term
  - *DHHS pursuit of cost containment measures, financial management tools, revenue maximization*
  - *Align budgets and revenues to properly reflect facility expenditures and receipts*
  - *Appropriations*
- Work toward the goal of a financially sustainable Mental Health system of care



# Conclusion and Thank You

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